

AMENDED IN ASSEMBLY FEBRUARY 14, 2006

AMENDED IN ASSEMBLY JUNE 22, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 503

Introduced by Senator Figueroa

February 18, 2005

~~An act to amend Sections 6253.4 and 6253.9 of the Government Code, relating to public records. An act to amend Sections 5050, 5076, and 5134 of the Business and Professions Code, relating to accountants, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 503, as amended, Figueroa. ~~Public records. Accountants.~~

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, in the Department of Consumer Affairs. Existing law prohibits a person from engaging in the practice of public accountancy unless the person holds a valid permit or a practice privilege, as specified. Existing law also requires a firm, other than a sole proprietor or a small firm, to meet specified peer review requirements prior to the first registration expiration date after January 1, 2008, in order to provide attest services. Existing law requires the board to review whether to implement the peer review program in light of changes in federal and state law or regulations or professional standards, and to report its findings to the Legislature by September 1, 2005. Existing laws sets specified fees to be charged by the board.

This bill would provide that a person with a valid and current license, registration, certificate, permit, or other authority to practice

public accountancy from a foreign country may temporarily engage in the practice of public accountancy in this state incident to an engagement in that country, if specified requirements are satisfied. The bill would require a firm to meet the peer review requirements within 3 years of the commencement of the peer review program, rather than prior to the first registration expiration date after January 1, 2008. The bill would revise the board's review and reporting requirement to instead require the board to review and evaluate whether to implement the program and report its findings and recommendations to the Legislature and the department no later than September 1, 2009. The bill would require that, if the board determines that the peer review program should be implemented, if identify the resources necessary for implementation and recommend a date for commencement. The bill would revise the fees to be charged by the board.

Because this bill may increase fees deposited into the Accountancy Fund, a continuously appropriated fund, it would make an appropriation.

~~(1) The California Public Records Act requires public records to be open to inspection at all times during the office hours of the state or local agency. Existing law authorizes every agency to adopt regulations stating the procedures to be followed when making its records available. Existing law requires specified state and local bodies to establish written guidelines for accessibility of records.~~

~~This bill would require each state or local body identified in existing law that maintains an Internet Web site, to make the written guidelines accessible from the homepage of its Web site through a link titled "Guidelines for How to Obtain Public Records."~~

~~(2) Existing law also requires, unless otherwise prohibited by law, any agency that has information that constitutes an identifiable public record not exempt from disclosure under the act that is in an electronic format to make that information available in an electronic format when requested by any person.~~

~~This bill would require an agency that maintains an Internet Web site and that has information that is an identifiable public record available to it in electronic format to make that information accessible to the public for a minimum of 3 years from the homepage of the agency's Web site through a link.~~

~~By imposing additional duties on local public agencies with regard to making public records accessible through a link to the local~~

agency's webpage, this bill would impose a state-mandated local program.

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: ~~yes~~-no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5050 of the Business and Professions
2 Code is amended to read:

3 5050. (a) No person shall engage in the practice of public
4 accountancy in this state unless the person is the holder of a valid
5 permit to practice public accountancy issued by the board or a
6 holder of a practice privilege pursuant to Article 5.1
7 (commencing with Section 5096).

8 (b) ~~This section shall become operative on January 1, 2006.~~
9 ~~Nothing in this chapter shall prohibit a person who holds a valid~~
10 ~~and current license, registration, certificate, permit or other~~
11 ~~authority to practice public accountancy from a foreign country,~~
12 ~~and lawfully practicing therein, from temporarily engaging in the~~
13 ~~practice of public accountancy in this state incident to an~~
14 ~~engagement in that country provided that:~~

15 (1) ~~The temporary practice is regulated by the foreign country~~
16 ~~and is performed under accounting or auditing standards of that~~
17 ~~country.~~

18 (2) ~~The person does not hold himself or herself out as being~~
19 ~~the holder of a valid California permit to practice public~~
20 ~~accountancy or the holder of a practice privilege pursuant to~~
21 ~~Article 5.1 (commencing with Section 5096).~~

22 SEC. 2. Section 5076 of the Business and Professions Code is
23 amended to read:

24 5076. (a) In order to renew its registration, a firm providing
25 attest services, other than a sole proprietor or a small firm as

1 defined in Section 5000, shall complete a peer review ~~prior to the~~
2 ~~first registration expiration date after July 1, 2008, within three~~
3 ~~years of the commencement of the peer review program~~ and no
4 less frequently than every three years thereafter.

5 (b) For purposes of this article, the following definitions
6 apply:

7 (1) “Peer review” means a study, appraisal, or review
8 conducted in accordance with professional standards of the
9 professional work of a licensee or registered firm by another
10 licensee unaffiliated with the licensee or registered firm being
11 reviewed. The peer review shall include, but not be limited to, a
12 review of at least one attest engagement representing the highest
13 level of service performed by the firm and may include an
14 evaluation of other factors in accordance with requirements
15 specified by the board in regulations.

16 (2) “Attest services” include an audit, a review of financial
17 statements, or an examination of prospective financial
18 information, provided, however, “attest services” shall not
19 include the issuance of compiled financial statements.

20 (c) The board shall adopt regulations as necessary to
21 implement, interpret, and make specific the peer review
22 requirements in this section, including, but not limited to,
23 regulations specifying the requirements for the approval of peer
24 review providers, and regulations establishing a peer review
25 oversight committee.

26 (d) The board shall review *and evaluate* whether to implement
27 the program specified in this section ~~in light of the changes in~~
28 ~~federal and state law or regulations or professional standards~~, and
29 shall report its findings *and recommendations* to the Legislature
30 and the department ~~by no later than September 1, 2005~~ 2009, *as*
31 *part of the review required by Division 1.2 (commencing with*
32 *Section 473). If the board determines that the program specified*
33 *in this section should be implemented, the board shall identify the*
34 *resources necessary for implementation and recommend a date*
35 *when the program shall commence.*

36 SEC. 3. Section 5134 of the Business and Professions Code is
37 amended to read:

38 5134. The amount of fees prescribed by this chapter is as
39 follows:

1 (a) The fee to be charged to each applicant for the certified
2 public accountant examination shall be fixed by the board at an
3 amount ~~to equal the actual cost to the board of the purchase or~~
4 ~~development of the examination, plus the estimated cost to the~~
5 ~~board of administering the examination and shall not to exceed~~
6 six hundred dollars (\$600). The board may charge a
7 reexamination fee ~~equal to the actual cost to the board of the~~
8 ~~purchase or development of the examination or any of its~~
9 ~~component parts, plus the estimated cost to the board of~~
10 ~~administering the examination and not to exceed seventy-five~~
11 dollars (\$75) for each part that is subject to reexamination.

12 (b) The fee to be charged to out-of-state candidates for the
13 certified public accountant examination shall be fixed by the
14 board at an amount ~~equal to the estimated cost to the board of~~
15 ~~administering the examination and shall not to exceed six~~
16 hundred dollars (\$600) per candidate.

17 (c) The application fee to be charged to each applicant for
18 issuance of a certified public accountant certificate shall be fixed
19 by the board at an amount ~~equal to the estimated administrative~~
20 ~~cost to the board of processing and issuing the certificate and~~
21 ~~shall not to exceed two hundred fifty dollars (\$250).~~

22 (d) The application fee to be charged to each applicant for
23 issuance of a certified public accountant certificate by waiver of
24 examination shall be fixed by the board at an amount ~~equal to the~~
25 ~~estimated administrative cost to the board of processing and~~
26 ~~issuing the certificate and shall not to exceed two hundred fifty~~
27 dollars (\$250).

28 (e) The fee to be charged to each applicant for registration as a
29 partnership or professional corporation shall be fixed by the
30 board at an amount ~~equal to the estimated administrative cost to~~
31 ~~the board of processing and issuing the registration and shall not~~
32 ~~to exceed two hundred fifty dollars (\$250).~~

33 (f) The board shall fix the biennial renewal fee so that,
34 together with the estimated amount from revenue other than that
35 generated by subdivisions (a) to (e), inclusive, the reserve
36 balance in the board's contingent fund shall be equal to
37 approximately nine months of annual authorized expenditures.
38 Any increase in the renewal fee ~~made after July 1, 1990, shall be~~
39 ~~effective made by regulation upon a determination by the board;~~
40 ~~by regulation adopted pursuant to subdivision (k); that additional~~

1 moneys are required to fund authorized expenditures ~~other than~~
2 ~~those specified in subdivisions (a) to (e), inclusive,~~ and maintain
3 the board's contingent fund reserve balance equal to nine months
4 of estimated annual authorized expenditures in the fiscal year in
5 which the expenditures will occur. The biennial fee for the
6 renewal of each of the permits to engage in the practice of public
7 accountancy specified in Section 5070 shall not exceed two
8 hundred fifty dollars (\$250).

9 (g) The delinquency fee shall be 50 percent of the accrued
10 renewal fee.

11 (h) The initial permit fee is an amount equal to the renewal fee
12 in effect on the last regular renewal date before the date on which
13 the permit is issued, except that, if the permit is issued one year
14 or less before it will expire, then the initial permit fee is an
15 amount equal to 50 percent of the renewal fee in effect on the last
16 regular renewal date before the date on which the permit is
17 issued. The board may, by regulation, provide for the waiver or
18 refund of the initial permit fee where the permit is issued less
19 than 45 days before the date on which it will expire.

20 (i) On and after January 1, 2006, the annual fee to be charged
21 an individual for a practice privilege pursuant to Section 5096
22 shall be fixed by the board at an amount not to exceed ~~50 percent~~
23 ~~of the biennial renewal fee provided in subdivision (f)~~ *one*
24 *hundred twenty-five dollars (\$125)*.

25 (j) The fee to be charged for the certification of documents
26 evidencing passage of the certified public accountant
27 examination, the certification of documents evidencing the
28 grades received on the certified public accountant examination,
29 or the certification of documents evidencing licensure shall be
30 twenty-five dollars (\$25).

31 ~~(k) The actual and estimated costs referred to in this section~~
32 ~~shall be calculated every two years using a survey of all costs~~
33 ~~attributable to the applicable subdivision.~~

34 ~~(l)~~

35 (k) Upon the effective date of this section the board shall fix
36 the fees in accordance with the limits of this section and, on and
37 after July 1, 1990, any increase in any fee fixed by the board
38 shall be pursuant to regulation duly adopted by the board in
39 accordance with the limits of this section.

1 ~~(m) Fees collected pursuant to subdivisions (a) to (e);~~
2 ~~inclusive, shall be fixed by the board in amounts necessary to~~
3 ~~recover the actual costs of providing the service for which the fee~~
4 ~~is assessed, as projected for the fiscal year commencing on the~~
5 ~~date the fees become effective.~~

6 *(l) It is the intent of the Legislature that, to ease entry into the*
7 *public accounting profession in California, any administrative*
8 *cost to the board related to the certified public accountant*
9 *examination or issuance of the certified public accountant*
10 *certificate that exceeds the maximum fees authorized by this*
11 *section shall be covered by the fees charged for the biennial*
12 *renewal of the permit to practice.*

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14
15 **All matter omitted in this version of the bill**
16 **appears in the bill as amended in**
17 **Assembly, June 22, 2005 (JR11)**
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